

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7032

BILL NUMBER: SB 317

DATE PREPARED: Apr 10, 2001

BILL AMENDED: Apr 9, 2001

SUBJECT: Various Utility Related Issues.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Electric Meter Bases*: This bill provides that when a customer of a public or municipally owned electric utility installs or upgrades electric service, the utility must supply the customer with a meter base if the meter base: (1) is necessary for the installation or upgrade; and (2) has not already been supplied by the customer. The bill prohibits a utility from requiring a customer, or a contractor or subcontractor hired by the customer, to obtain a meter from an outside supplier or vendor.

IURC Jurisdiction over Mergers: The bill provides that, except in the case of rural electric membership corporations and certain nonprofit corporations, the following transactions require approval by the Indiana Utility Regulatory Commission (IURC) after a hearing:

- (1) The reorganization of a public utility.
- (2) A transaction in which a public utility acquires control of a public utility, an out-of-state utility company, or a holding company.
- (3) A transaction in which a person acquires control of a public utility or the holding company of a public utility.
- (4) A transaction in which a holding company that controls at least one public utility acquires control of an out-of-state utility company.

Regulatory Flexibility Committee: The bill requires the Speaker of the House, after selecting the standing committee of the House whose members will be members of the Regulatory Flexibility Committee, to select a member of the standing committee or a member of the House of Representatives who is not a member of the standing committee to be co-chair of the Regulatory Flexibility Committee. The bill requires the President Pro Tempore of the Senate, after selecting the standing committee of the Senate whose members will be members of the Regulatory Flexibility Committee, to select a member of the standing committee or a member of the senate who is not a member of the standing committee to be co-chair of the Regulatory Flexibility Committee. The bill specifies that gas utility issues are part of the jurisdiction of the Regulatory

Flexibility Committee.

Merchant Powerplant Siting: The bill defines the term "merchant power plant". It establishes the criteria the IURC must consider when considering a merchant power plant application, including preferred siting locations. The bill lists the duties of the merchant power plant following approval by the IURC. It establishes the Utility Worker Skills and Standards Committee. It provides that the Committee consists of the following members:

- (1) The Utility Consumer Counselor, who serves as chair and an ex officio, nonvoting member.
- (2) Five members appointed by the Governor and representing different types of electric utilities.
- (3) Five members appointed by the Governor and representing various employee organizations.

The bill requires the Committee to adopt rules establishing skill and training standards for employees who operate or maintain electric utilities. It also requires any proposed standards or qualifications to be approved by a simple majority of the voting committee members. The bill provides that any proposed standards or qualifications not agreed to by a simple majority of committee members shall be submitted to the Chair for a final decision. The bill prohibits the Chair from creating any new standards or approving any standards not proposed by the voting members. It also requires the Committee to meet at least annually to review the effectiveness of the rules and consider whether any additions or amendments to the rules are necessary. The bill requires the Committee to adopt the initial set of rules not later than January 1, 2003. It also provides that the IURC may decline to exercise jurisdiction over a facility that has applied to the IURC before March 1, 2001. The bill specifies that the IURC has jurisdiction over a merchant power plant that has made a significant alteration in the labor used to construct or remodel the facility.

Effective Date: (Amended) Upon Passage; July 1, 2001.

Explanation of State Expenditures: (Revised) *Electric Meter Bases:* The IURC will be able to absorb any costs associated with the process of granting approval to utilities to pass on the costs of supplying meter bases.

Merchant Powerplant Siting: This bill places merchant power plants under the jurisdiction of the IURC. Under this proposal, a new merchant power plant would be required to petition the IURC for approval to construct the facility. The bill requires the IURC to consider the following when reviewing a plant's petition: location, need, financing, reporting requirements, and a plant's impact on electric supplies and customers. The bill requires the IURC to give preference to brownfield sites, sites of existing plants, or other sites identified for power plant or heavy industrial development in local land use plans.

The bill also requires IURC to exercise jurisdiction over exiting merchant power plants if the operators of a facility do not use contractors, subcontractors, or work crews who have not completed a jointly administered labor and management program approved by the United States Department of Labor's Bureau of Apprenticeship Training.

Depending on the number of facilities that seek regulatory approval, this bill is expected to increase the administrative costs of the IURC. However, any increase in IURC's administrative costs will be absorbed using existing staff and resources.

This bill also creates the Utility Worker Skills and Standards Committee chaired by the Utility Consumer Counselor. The Committee has ten other members-- five of whom represent utilities, while the remaining five

represent labor. The bill requires the Committee to adopt rules to establish skill and training standards for employees that operate or maintain utilities. The bill does not specify funding or staffing for the Committee.

IURC Jurisdiction over Mergers: This bill contains provisions requiring that certain transactions involving mergers, reorganizations, or the acquisition of control of public utilities must have the approval of the IURC after a hearing. The IURC should be able to meet the requirements of this legislation given its current budget and resources. The Office of the Utility Consumer Counselor (OUCC) would also participate in any utility merger approval proceedings. Any additional cost to the OUCC is also expected to be covered using existing personnel and resources.

Explanation of State Revenues: (Revised) *Background Information:* The Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected: *Electric Meter Bases:* Some municipally owned utilities may be affected by this provision.

Information Sources: Mike Leppert, Executive Director for External Affairs, IURC, (317) 232-1724; Anthony Dzwonar, External Affairs Director, OUCC, (317) 232-2494; Auditor's Trial Balance.